



U.S. COMMODITY FUTURES TRADING COMMISSION
Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581

OFFICE OF PROCEEDINGS
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PROCEEDINGS

ALAN R. BUSH,

Complainant

v.

STEVEN WILLIAM MORREALE, REFCO,
INC., and STEVEN MORREALE, INC.,
Respondents

CFTC Docket
No. 98-R063

DEFAULT ORDER AND REPARATION AWARD

Respondents have not answered the complaint. The complaint served on respondent Refco, Inc., was delivered and signed for on February 2, 1998. The answer was due to be mailed no later than March 2, 1998. No request for an extension has been received from Refco.

The complaints served on Steven William Morreale and Steven Morreale, Inc., at their last known registered addresses have been returned marked "Unclaimed" and "Moved—Left No Address" respectively.

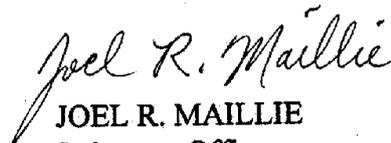
Under the CFTC Rules, service of the complaint has been accomplished on all three respondents. By failing to accept delivery (Morreale), by failing to file an updated address (Morreale, Inc.), and by failing to file an answer (Refco), the respective respondents are in default. Thus, they have waived their rights to contest the evidence presented by complainants and to file affirmative defenses. The allegations of the complaint are deemed true. See Rule 12.22.

Based on the complaint, it is determined that respondent Steven William Morreale, acting on behalf of his introducing brokerage firm Steven Morreale, Inc., fraudulently solicited funds from complainant for the purpose of opening a commodity futures account, and that Morreale converted those funds to his own use rather than opening an account for complainant at Refco, Inc., as complainant intended. The complaint addendum demonstrates that complainant wrote checks totalling \$5,000 to Morreale and that these funds were never transmitted to Refco. These acts violated, among other provisions, Sections 4b and 4d(2) of the Commodity Exchange Act, and CFTC regulations 1.20 and 1.57(c). The violations are found to have proximately caused damages to complainant in the amount sought in the complaint, \$5,000.

During the period of the account solicitation and the deposit and conversion of funds in May 1996, Steven Morreale, Inc., was an introducing broker whose obligations and liabilities under the Commodity Exchange Act were guaranteed by respondent Refco, Inc. Thus, even if Refco had appeared and answered in this matter, it would be held jointly liable for the default judgment to be imposed against its guaranteed introducing broker Steven Morreale, Inc. The following order therefore reflects Refco's liability both for its own default and for the default of Steven Morreale, Inc.

Violations having been found, respondents are ORDERED to pay reparations to the complainant in the amount of \$5,000, plus prejudgment interest compounded annually at the rate of 5.391% from May 4, 1996, to the date of payment, plus costs of \$125.00.

Dated: April 8, 1998


JOEL R. MAILLIE
Judgment Officer